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EXECUTIVE SECRETARIAT
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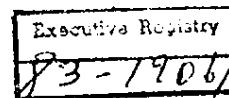
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Executive Secretary

Date



OFFICE OF THE SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220
April 21, 1983



UNCLASSIFIED
(With Secret Attachment)

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE ATTORNEY GENERAL
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
CHAIRMAN, COUNCIL OF ECONOMIC ADVISORS
ASSISTANT TO THE PRESIDENT FOR
NATIONAL SECURITY AFFAIRS
ASSISTANT TO THE PRESIDENT FOR POLICY DEVELOPMENT
UNITED STATES TRADE REPRESENTATIVE
✓ DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT Senior Interdepartmental Group on International
Economic Policy (SIG-IEP)

Attached are the minutes of the April 7th SIG-IEP meeting.

David E. Pickford
Executive Secretary

Attachment

UNCLASSIFIED
(With Secret Attachment)



SENIOR INTERDEPARTMENTAL GROUP-INTERNATIONAL ECONOMIC POLICY

3:00 p.m.
April 7, 1983
Roosevelt Room

Attendees: (U)

Treasury

Secretary Regan
Marc Leland
John E. Chapoton

Office of Vice President
G. Philip Hughes

State

W. Allen Wallis

Defense

James R. Blaker
William Weida

Agriculture

Secretary Block

Commerce

Secretary Baldrige
Olin Wethington

CIA

Justice

Glenn Archer
Michael Shepherd

OMB

Fred Khedouri

OPD

Edwin Harper
Roger Porter

USTR

Dennis Whitfield
Geza Feketekuty

CEA

William Niskanen
Glenn Nelson

NSC

Norman Bailey,
Executive Secretary
William Martin

UNCODED

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Helms Agricultural Trade Act (U)

The Chairman asked Secretary Block to introduce this issue. The Act, as approved by the Senate Agriculture Committee, is a bill designed to maintain and enhance foreign markets for U.S. agriculture products. Part of the bill calls for the Secretary to use funds generated by required sales of CCC owned dairy products to promote exports in whatever form is necessary to compensate for other countries' export subsidies. All SIG-IEP members voiced opposition to the bill. If it appears that the bill might pass, even with strong Administration opposition, then we may have to seek some amendments--but only as a last resort. (S)

SECRET

DECLASSIFY: OADR

SECRETNetherlands Antilles Tax Treaty (U)

A new tax treaty between the United States and the Netherlands Antilles has been under negotiation by the Treasury Department since 1980. Over the past twenty-five years, the Netherlands Antilles has exploited its tax haven status due to its tax treaty relationship with the United States. A primary use of the Netherlands Antilles is by residents of third countries who can minimize or totally avoid U.S. income tax. U.S. companies have also utilized Antilles entities to gain access to Eurodollar funds without being subject to the U.S. 30 percent withholding tax. There are approximately \$50 billion of outstanding Eurobonds of Antilles finance subsidiaries issued since 1974. (S)

The new treaty seeks to close a number of tax loopholes without unduly damaging the Netherlands Antilles economy. Negotiators for the Antilles appear to have been encouraged to continue to hold out for additional U.S. concessions, which has led the Antilles to reject prior proposals by the U.S. delegation and to delay responding to our most recent proposal. (S)

It was pointed out that failure to reach agreement on a new tax treaty may jeopardize drug enforcement facilities in the Netherlands Antilles. It was pointed out the treaty they have been offered preserves more than 80 percent of the revenue sources which the Netherlands Antilles has now. (S)

The Chairman concluded by saying that we are against the idea of tax havens. We should negotiate in good faith for a new tax treaty. If the U.S. Government speaks as one now, we should be able to reach agreement with the Netherlands Antilles. (S)

U.S.-Japan Energy Working Group (C)

The day and a half meeting with the Japanese went well. The Japanese expressed a keen interest in purchasing Alaskan oil. However, their estimates for coal and gas imports from the U.S. were much lower, due to extremely low assumptions about economic growth. The U.S. side stressed the need for the Japanese to consider entering into long-term contracts for coal and gas as a prerequisite for infrastructure expansion in the United States. This, coupled with expanded investment in U.S. energy resources and infrastructure, could contribute to a better environment in which to approach the Congress on the export of oil. A work program was agreed upon and experts from both countries will be meeting before the next Working Group plenary, which is expected to be in early June. (S)

SECRET

Classified by Marc E. Leland